

New Program to Help Local Governments Finance Economic Development
June 15, 2009

WASHINGTON, D.C. - U.S. Rep. Charlie Melancon (LA-03) announced today that St. Martin and Iberia Parishes are eligible for up to \$18,644,000 in U.S. Treasury bonds under a new federal program. The Recovery Zone Bonds program was created by the American Recovery and Reinvestment Act (Recovery Act) to stimulate economic growth and jumpstart the availability of financing critical for economic recovery. Recovery Zone Bonds will help local governments obtain financing for much needed economic development projects, such as public infrastructure development, at lower borrowing costs.

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"Our future prosperity in Louisiana depends on the investments we make today in critical public infrastructure and economic development projects," said Rep. Melancon. "These federal bonds will help our local governments continue to fund these investments, even while tough decisions are being made in Baton Rouge to balance our state budget. As we continue to rebuild from Gustav and Ike, I am pleased Recovery Act initiatives are helping us bridge the funding gap, keeping our economy stable and jobs losses low in south Louisiana."

The Recovery Act included \$25 billion for two new types of Recovery Zone Bonds - \$10 billion for Recovery Zone Economic Development Bonds and \$15 billion for Recovery Zone Facility Bonds.

To make this program as easy as possible for state and local governments to administer and use, the Treasury Department has also detailed the bond volume cap allocations at the local level for counties and large cities.

St. Martin Parish is eligible for up to \$1,395,000 in Recovery Zone Economic Development Bonds and \$2,092,000 in Recovery Zone Facility Bonds.

Iberia Parish is eligible for up to \$6,063,000 in Recovery Zone Economic Development Bonds and \$9,094,000 in Recovery Zone Facility Bonds.

Recovery Zone Economic Development Bonds are another type of taxable Build America

Bond that allow state and local governments to obtain lower borrowing costs through a new direct federal payment subsidy: 45 percent of the interest. The Recovery Zone Economic Development Bonds will be used to finance a broad range of qualified economic development projects, such as job training and educational programs.

Recovery Zone Facility Bonds are a type of traditional tax-exempt private activity bond that may be used by private businesses in designated recovery zones to finance a broad range of depreciable capital projects.

The bond volume cap allocations for other parishes and cities in Louisiana are detailed [here](#) .

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